



## **FEDERAL DEPOSIT INSURANCE CORPORATION**

### **Agency Information Collection Activities: Proposed Collection Renewal; Comment Request (OMB No. 3064-0022; - 0027; - 0103; - 0114; -0115; - 0163; -0208)**

**AGENCY:** Federal Deposit Insurance Corporation (FDIC).

**ACTION:** Agency information collection activities: submission for OMB review; comment request.

**SUMMARY:** The FDIC, as part of its obligations under the Paperwork Reduction Act of 1995, invites the general public and other Federal agencies to take this opportunity to comment on the request to renew the existing information collections described below (OMB Control No. 3064-0022; - 0027; - 0103; - 0114; - 0115; - 0163).

**DATES:** Comments must be submitted on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**ADDRESSES:** Interested parties are invited to submit written comments to the FDIC by any of the following methods:

- *Agency Website:* <https://www.FDIC.gov/regulations/laws/federal>.
- *Email:* [comments@fdic.gov](mailto:comments@fdic.gov). Include the name and number of the collection in the subject line of the message.
- *Mail:* Manny Cabeza (202-898-3767), Regulatory Counsel, MB-3128, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.
- *Hand Delivery:* Comments may be hand-delivered to the guard station at the rear of the 17th Street NW building (located on F Street), on business days between 7:00 a.m. and 5:00 p.m.

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain) . Find this particular information collection by selecting "Currently under 30-day Review - Open for Public Comments" or by using the search function.

**FOR FURTHER INFORMATION, CONTACT:** Manny Cabeza, Regulatory Counsel, 202-898-3767, [mcabeza@fdic.gov](mailto:mcabeza@fdic.gov), MB-3128, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

**SUPPLEMENTARY INFORMATION:**

Proposal to renew the following currently approved collections of information:

1. *Title:* Uniform Application/Uniform Termination for Municipal Securities

Principal or Representative

*OMB Number:* 3064-0022.

*Form Number:* 6200/54; 6200/55

*Affected Public:* Individuals and Insured state nonmember banks and state savings associations.

*Burden Estimate:*

<b>Summary of Annual Burden and Internal Cost (OMB No. 3064-0022)</b>					
<b>Source and Burden</b>	<b>Estimated Number of Respondents</b>	<b>Estimated Number of Responses per Respondent</b>	<b>Estimated Number of Responses</b>	<b>Estimated Time per Response (Hours)</b>	<b>Estimated Annual Burden (Hours)</b>
Uniform Termination Notice for Securities Principal or Representative (Form MSD-5)	2	0.5	1	1.0	1.0
Uniform Application for Municipal Securities Principal or Representative (Form MSD-4)	2	0.5	1	1.0	1.0
<i>Total Reporting</i>					<i>2.0</i>
<b>Total Burden Hours</b>					<b>2.0</b>

General Description of Collection:

The 1975 Amendments to the Securities Exchange Act of 1934 established a comprehensive framework for the regulation of the activities of municipal securities dealers. Under Section 15B(a) of the Securities Exchange Act, municipal securities dealers which are banks, or separately identifiable departments or divisions of banks engaging in municipal securities activities, are required to be registered with the Securities and Exchange Commission in accordance with such rules as the Municipal Securities Rulemaking Board (MSRB), a rulemaking authority established by the 1975 Amendments, may prescribe as necessary or appropriate in the public interest or for the protection of investors. One of the areas in which the Act directed the MSRB to promulgate rules is the qualifications of persons associated with municipal securities dealers as municipal securities principals and municipal securities representatives. The MSRB Rules require persons who are or seek to be associated with municipal securities dealers as municipal securities principals or municipal securities representatives to provide certain background information and conversely, require the municipal securities dealers to obtain the information from such persons. Generally, the information required to be furnished relates to employment history and professional background including any disciplinary sanctions and any claimed bases for exemption from MSRB examination requirements. The FDIC and the other two Federal bank regulatory agencies, the Comptroller of the Currency, and the Federal Reserve Board, have prescribed Forms MSD-4 to

satisfy these requirements and have prescribed Form MSD-5 for notification by a bank municipal securities dealer that a municipal securities principal's or a municipal securities representative's association with the dealer has terminated and the reason for such termination. State nonmember banks and state savings associations that are municipal security dealers submit these forms, as applicable, to the FDIC as their appropriate regulatory agency for each person associated with the dealer as a municipal securities principal or municipal securities representative. There is no change in the methodology or substance of this information collection. The decrease in burden hours is a result of the decrease in the number of respondents.

2. Title: Request for Deregistration for Registered Transfer Agents

OMB Number: 3064-0027.

Form Number: 6342/12.

Affected Public: Insured state nonmember banks and state savings associations.

Burden Estimate:

Summary of Annual Burden						
Information Collection Description	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response	Estimated Annual Burden
Request for Deregistration for Registered Transfer Agents	Reporting	Mandatory	1	On Occasion	0.42 hours	0.42 hours

**Total Estimated Annual Burden**

**0.42 hours**

General Description of Collection:

Under the Securities Exchange Act of 1934 (15 U.S.C. 78q–1), an insured nonmember bank (or a subsidiary of such a bank) that functions as a transfer agent may withdraw from registration as a transfer agent by filing a written notice of withdrawal with the FDIC. The FDIC requires such banks to file FDIC Form 6342/12 as the written notice of withdrawal. There is no change in the methodology or substance of this information collection.

3. *Title:* Recordkeeping Requirements Associated with Real Estate Appraisals and Evaluations

*OMB Number:* 3064-0103.

*Form Number:* None.

*Affected Public:* Insured State Nonmember Banks and State Savings Associations

*Burden Estimate:*

Table 1. Summary of Estimated Annual Burdens (OMB No. 3064-0103)						
IC Description	Type of Burden (Obligation to Respond)	Frequency of Response	Number of Respondents	Number of Responses / Respondent	Hours per Response	Annual Burden (Hours)
Recordkeeping Requirements Associated with Real Estate Appraisals and Evaluations	Recordkeeping (Mandatory)	On occasion	3,227	227	0.083	60,800
Total Annual Burden Hours:						60,800
Source: FDIC.						

*Methodology and Assumptions:*

Estimated Number of Respondents - Potential respondents to this information collection (IC) include all FDIC-supervised institutions. As of December 31, 2020 there were 3,227 FDIC-supervised institutions, of which 2,380 are considered

“small” for the purposes of the Regulatory Flexibility Act (RFA).<sup>1</sup> FDIC therefore uses 3,227 as the estimate of the annual number of respondents to this IC.

Estimated Number of Responses per Respondent - The estimated number of responses per respondent for this ICR is estimated using the dollar volume, and where available, loan counts of real estate loans held by FDIC-supervised institutions. For each institution, information is gathered from the Call Report on the reported dollar value of 1-4 family residential construction loans, other construction and development loans, loans secured by farmland, open-end loans secured by 1-4 family residential properties, closed-end loans secured by 1-4 family residential properties, loans secured by multifamily (5 or more) residential properties, loans secured by owner-occupied nonfarm nonresidential properties, and loans secured by other nonfarm nonresidential properties. This data is gathered from Call Report Schedule RC-C as of December 31 of each year, or in the case of the most recent 12-month period, the most recent period available.

To convert the reported dollar volume of real estate related loans held by FDIC-supervised institutions into loan counts, a more appropriate denomination for estimating appraisal and evaluation activity, the methodology applies estimated or derived information on average loan size for each category of real estate loans.

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<sup>1</sup> FDIC Call Report data, December 2020. The Small Business Administration (SBA) defines a small banking organization as having \$600 million or less in assets, where an organization's “assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.” See 13 CFR 121.201 (as amended by 84 FR 34261, effective August 19, 2019). In its determination, the “SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates.” See 13 CFR 121.103. Following these regulations, the FDIC uses a covered entity’s affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the covered entity is “small” for the purposes of the RFA.

The methodology divides the reported dollar value of 1-4 family residential construction loans, and closed-end loans secured by 1-4 family residential properties, by the U.S. Census Bureau's estimate of the average sales price of new homes in order to derive an estimate of the number of loans for these loan categories.<sup>2</sup> The methodology assumes that the average loan size of open-end loans secured by 1-4 family residential properties is 20 percent of the U.S. Census Bureau's estimate of the average sales price of new homes. The methodology uses this assumption for the average loan size of open-end loans secured by 1-4 family residential properties based on supervisory experience because the FDIC does not currently have access to information that would enable a more empirical estimate. The methodology divides the reported dollar value of open-end loans secured by 1-4 family residential properties by 20 percent of the U.S. Census Bureau's estimate of the average sales price of new homes in order to derive an estimate of the number of loans for this loan category. The methodology divides the reported dollar value of other construction and land development loans, and loans secured by multifamily (5 or more) residential properties, by the assumed average loan size of \$1 million in order to derive an estimate of the number of loans for these loan categories. The methodology uses an assumption of \$1 million for the average loan size based on supervisory experience because the FDIC does not currently have access to information that would enable a more empirical estimate. Finally, a statistical method is used to derive an estimate of the average loan size for loans secured by farmland and loans secured by owner-occupied and non-

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<sup>2</sup> See U.S. Census Bureau, "Median and Average Sale Price of Houses Sold." Available at [https://www.census.gov/construction/nrs/historical\\_data/index.html](https://www.census.gov/construction/nrs/historical_data/index.html)

owner-occupied nonfarm nonresidential properties. Call Report Schedule RC-C Part II contains information on the dollar volume and number of loans of these loan types for loans above and below specific dollar-value thresholds (\$100,000 and less, \$100,000 to \$250,000, and \$250,000 to \$1 million for loans secured by nonfarm nonresidential properties, and \$100,000 and less, \$100,000 to \$250,000, and \$250,000 to \$500,000 for loans secured by farmland). Assuming that the dollar value of loans secured by farmland and nonfarm nonresidential properties held by FDIC-supervised institutions are normally distributed, the methodology derives an estimate of the average loan amount for each of these loan types as of December 31 of each year, or the most recent reporting period in the case of the most recent 12-month period. For example, as of December 31, 2020 this methodology produces an estimate of \$585,459 as the average loan size for loans secured by farmland, and \$975,836 as the average loan size for loans secured by nonfarm nonresidential properties. The methodology divides the reported dollar value of loans secured by farmland and loans secured by owner-occupied and non-owner-occupied nonfarm nonresidential properties by the derived estimate of average loan size for loans secured by farmland and nonfarm nonresidential properties in order to derive an estimate of the number of loans for these loan categories.

The methodology estimates the number of new loans for each FDIC-supervised institution by assuming that any positive change in the preceding 12-month period in the reported dollar value of a real estate related loan type represents new lending activity. The change in the 12-month dollar value of loans held of each



real estate loan type for each FDIC-supervised institution, if positive, is divided by the estimated average loan size for that loan type in order to produce an estimate of the number of new loans issued by each FDIC-supervised institution. However, if the 12-month change in the reported dollar value of a loan type is zero or negative, the methodology assumes that the number of new loans is zero.

The methodology estimates refinancing activity by assuming that a fixed percentage of the estimated count of existing real estate loans of each loan type is representative of those loans in the portfolio that were refinanced in the preceding 12-month period. For each institution, and each real estate-related loan type, the methodology subtracts the dollar volume of new loans from the reported dollar volume of loans as of each 12-month period end-date, divides that figure by the applicable estimate of average loan size, and multiplies that figure by 15 percent to derive an estimate of the number of existing loans that were refinanced in the preceding 12-month period. The 15 percent estimate is based on supervisory experience since the FDIC does not currently have access to information that would enable a more empirical estimate.

The methodology also estimates the number of appraisals and evaluations commissioned by FDIC-supervised institutions over the previous 12-month period in order to monitor their real estate loan portfolios for credit risk. The methodology assumes that three percent of the estimated loan count for existing loans secured by farmland, five percent of the estimated loan count for existing 1-4 family residential construction loans, eight percent of the estimated number of existing closed-end loans secured by 1-4 family residential properties, loans

secured by multifamily (5 or more) residential properties, and loans secured by owner-occupied nonfarm nonresidential properties, and ten percent of the estimated number of existing other construction and development loans, open-end loans secured by 1-4 family residential properties, and loans secured by non-owner-occupied nonfarm nonresidential properties is representative of the number of loans for which the institution commissioned an appraisal or evaluation in the preceding 12-month period. These estimates are based on supervisory experience since the FDIC does not currently have access to information that would enable a more empirical estimate.

To calculate the total estimated volume of appraisals and evaluations associated with a real estate loan for which an FDIC-supervised institution would have to comply with the applicable recordkeeping requirements of Part 323, the methodology sums the estimated count of new loans, existing loans that were refinanced, and loans for which the institution commissioned an appraisal or an evaluation over the preceding 12-month period and assumes that all of these loans would require an appraisal or evaluation. Using this methodology, I estimate that there will be 227 responses per respondent per year for this IC. This represents an increase of 84 (59 percent) from the prior Information Collection submission (143). This increase is driven primarily by a change in the methodology used for estimating the number of responses per respondent.

The methodology used to estimate responses per respondent described above differs from the methodology used to estimate the PRA burden of this information collection when it was last approved by the OMB in 2018. The previous

submission used dollar volume information for real estate loan categories aggregated for all FDIC-supervised institutions, rather than for each institution as described above. Consequently, even if the total dollar value of a particular loan type decreased among FDIC-supervised institutions in aggregate, the estimated number of new loans of that type would be still be positive if it increased for at least one institution, whereas it would have been assumed to be zero under the methodology used for the previous submission. Additionally, the methodology used to estimate the number of responses per respondent in the last information collection submission used average loan value estimates for loans secured by farmland and loans secured by owner- and non-owner-occupied nonfarm nonresidential properties of \$1 million, rather than the statistical method just described, to derive average loan size estimates for these loan categories. Over the time period from year-end 2014 to year-end 2020, the statistical method produced estimates ranging from \$563,385 to \$663,766 for the average loan size of loans secured by farmland, and \$813,999 to \$975,836 for loans secured by nonfarm nonresidential properties. Since the average loan size estimates for both loan types were lower than \$1 million for the whole time period, the estimated number of existing and new loans for these loan types increased relative to the estimates used for the previous submission. These methodological changes led to more accurate, and generally larger, estimates for responses per respondent than the estimates used in the previous submission.

Estimated Time per Response –The FDIC is not revising its estimate of the time required to complete the recordkeeping requirements in this IC and will retain an estimated hourly burden per response of 5 minutes, or 0.083 hours.

*General Description of the Collection:*

FIRREA directs the FDIC to prescribe appropriate performance standards for real estate appraisals connected with federally related transactions under its jurisdiction. This information collection is a direct consequence of the statutory requirement. It is designed to provide protection for federal financial and public policy interests by requiring real estate appraisals used in connection with federally related transactions to be performed in writing, in accordance with uniform standards, by an appraiser whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.

4. Title: Foreign Banks

OMB Number: 3064-0114.

Form Number: None.

Affected Public: Insured branches of foreign banks

Summary of Annual Burden						
Information Collection Description	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response	Estimated Annual Burden
Moving a Branch	Reporting	Mandatory	1	On Occasion	8 hours	8 hours
Consent to Operate	Reporting	Mandatory	1	On Occasion	8 hours	8 hours
Approval to Conduct Activities	Reporting	Mandatory	1	On Occasion	8 hours	8 hours
Pledge of Assets Documents	Reporting	Mandatory	10	Quarterly	15 minutes	10 hours

Pledge of Asset Reports	Reporting	Mandatory	10	Quarterly	2 hours	80 hours
Recordkeeping	Recordkeeping	Mandatory	10	On Occasion	120 hours	1200 hours

**Total Estimated Annual Burden**

**1,314 hours**

*Burden Estimate:*

General Description of Collection:

Applications to move an insured state-licensed branch of a foreign bank;  
applications to operate as such noninsured state-licensed branch of a foreign bank;  
applications from an insured state-licensed branch of a foreign bank to conduct  
activities that are not permissible for a federally licensed branch; internal  
recordkeeping by such branches; and reporting and recordkeeping requirements  
relating to such a branch's pledge of assets to the FDIC. There is no change in the  
methodology or substance of this information collection.

5. *Title:* Prompt Corrective Action.

*OMB Number:* 3064-0115.

*Form Number:* None.

*Affected Public:* State non-member banks and state savings associations.

*Burden Estimate:*

Summary of Estimated Annual Burden (3064-0115)

	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response	Estimated Average Number of Responses per Respondent	Total Annual Estimated Burden
<b>Prompt Corrective Action</b> (12 CFR parts 303, 324, and 390)	Reporting	Voluntary	12	On Occasion	4 hours	1.334	64 hours
<b>Total Estimated Annual Burden</b>							64 hours

General Description of Collection:

The Prompt Corrective Action (PCA) provisions of section 38 of the Federal Deposit Insurance Act require or permit the FDIC and other federal banking agencies to take certain supervisory actions when FDIC-insured institutions fall within certain capital categories. Various provisions of the statute and the FDIC's implementing regulations require the prior approval of the FDIC before an FDIC-supervised institution, or certain insured depository institutions, can engage in certain activities, or allow the FDIC to make exceptions to restrictions that would otherwise be imposed. This collection of information consists of the applications that are required to obtain the FDIC's prior approval to engage in these activities. There is no change in the method or substance of the collection.

6. Title: Qualified Financial Contracts

OMB Number: 3064-0163.

Form Number: None.

Affected Public: State non-member banks and savings associations.

Burden Estimate:

IC Description	Type of Burden (Obligation to Respond)	Frequency of Response	Estimated Number of Respondents	Estimated Average Time per Response (Hours)	Estimated Annual Burden (Hours)
<b><i>Implementation Burden</i></b>					
Full Scope Entities	Recordkeeping (Mandatory)	One time	1	6,000	6,000
Limited Scope Entities	Recordkeeping (Mandatory)	One Time	51	23	1,173
Application for Extension of Time	Reporting (Required to Obtain a Benefit)	On Occasion	1	1	1
<b><i>Total Estimated Annual Implementation Burden</i></b>					<b><i>7,174</i></b>
<b><i>Ongoing Burden</i></b>					
Full Scope Entities	Recordkeeping (Mandatory)	Annual	4	250	1,000

Limited Scope Entities	Recordkeeping (Mandatory)	Annual	173	12	2,076
<b>Total Estimated Annual Ongoing Burden</b>					<b>3,076</b>
<b>Total Estimated Annual Burden</b>					<b>10,250</b>

*Methodology and Assumptions:* For the renewal of this information collection, the FDIC determined that the burden estimation methodology should be revised to separate the implementation burden estimates for those entities that are newly subject to Part 371’s recordkeeping requirements and the lesser ongoing burden for those entities that only need to maintain their existing compliance with Part 371. This split applies to both the set of Full Scope Entities and the set of Limited Scope Entities. The implementation burden estimates continue to include reporting burden for the application for extension of time to comply with Part 371 requirements. FDIC records indicate that FDIC has never received a request for an extension of time under Part 371 and is showing one respondent for this IC to preserve the reporting burden estimate in the event an institution elects to submit such a request in the future.

Estimated Number of Respondents and Responses - Potential respondents to this information collection are all FDIC-insured depository institutions (IDIs). As of December 31, 2020, there are 5,010 IDIs.<sup>3</sup> Of these institutions, 3,500 are considered “small” for purposes of the Regulatory Flexibility Act (RFA).<sup>4</sup> An

<sup>3</sup> FFIEC Call Reports for the period ending December 31st, 2020.

<sup>4</sup> December 31, 2020, Call Report data. The Small Business Administration (SBA) defines a small banking organization as having \$600 million or less in assets, where an organization's “assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.” See 13 CFR 121.201 (as amended by 84 FR 34261, effective August 19, 2019). In its determination, the “SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates.” See 13 CFR 121.103. Following these regulations, the FDIC uses a covered entity’s affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the covered entity is “small” for the purposes of RFA.

IDI is subject to this information collection if it has received written notice from the IDI's appropriate Federal banking agency or the FDIC that it is in a troubled condition and written notice from the FDIC that it is subject to the reporting and recordkeeping requirements of Part 371 (together, a "QFC Notification").<sup>5</sup> The FDIC has identified 621 IDIs that were issued QFC Notifications between December 2008 and July 2020,<sup>6</sup> for an average of 52 QFC Notifications per year. Of these, 51 notifications would have been to Limited Scope Entities and 1 would have been to a Full Scope Entity under Part 371.<sup>7</sup> Approximately 361 notifications, or 30 notifications per year, would be to IDIs considered "small" for purposes of the RFA.<sup>8</sup>

Based on the average annual number of IDIs that were issued QFC Notifications over the twelve-year period, the FDIC estimates that 51 Limited Scope Entities and 1 Full Scope Entity would receive a QFC notification and be subject to implementation burden.

To estimate the number of IDIs that will be subject to Part 371 on an ongoing basis, the FDIC identified those IDIs that have been issued QFC Notifications and deducted IDIs that failed subsequent to receiving such notification. The FDIC determined that 185 of the 621 IDIs notified between 2008 and 2020 had not failed, as of February 2021. Of these, 173 IDIs would be defined as Limited

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<sup>5</sup> The definition of troubled condition and details of what entities are covered is described in the final rule.

<sup>6</sup> See the SME analysis separately attached as "PRA 371 Internal 16 April.docx"

<sup>7</sup> The definitions of "Full Scope" and "Limited Scope" became effective on October 1, 2017 as part of the final rule. However, in order to calculate representative statistics for estimated respondents the SME's applied those definitions to IDIs who received QFC Notifications in periods prior to enactment of those definitions.

<sup>8</sup> As of December 31, 2020.



Scope Entities under the final rule,<sup>9</sup> including 98 IDIs that would be considered “small” for purposes of the RFA.<sup>10</sup> The FDIC thus estimates that 173 Limited Scope Entities will incur ongoing recordkeeping burden associated with maintaining their existing compliance with Part 371.

The FDIC also identified twelve (12) Full Scope Entities under Part 371, which were issued QFC Notifications between 2008 and 2020, and had not failed, as of February 2021. Six (6) of these entities have since been upgraded and are no longer subject to Part 371. Two (2) of the remaining entities are either working towards or will begin to work towards initial compliance with this ICR. The remaining four (4) Full Scope Entities have already completed their initial compliance efforts (or are well along in initial compliance efforts and thus treated as facing ongoing compliance burden). Thus, the FDIC estimates that four (4) Full Scope Entities will incur recordkeeping burden associated with maintaining their existing compliance with Part 371.

Estimated Hourly Burden - The FDIC estimates the information collection burdens for affected institutions based on their classifications as either Full- or Limited Scope Entities under Part 371; and based on whether they are newly subject to the requirements (implementation burden) or whether they are responding to the information collection on an ongoing basis. Full Scope Entities must complete the eight QFC Tables contained in Appendix B of the rule;

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<sup>9</sup> The SMEs did not track status upgrades of limited scope entities for these purposes and, accordingly, the estimate of the total existing population of limited scope entities is made assuming no change in status of an institution following its first becoming subject to Part 371.

<sup>10</sup> As of December 31, 2020.

limited-scope firms must complete the four QFC Tables contained in Appendix A of the rule. The FDIC estimates that new Full Scope Entities will incur, on average, approximately 6,000 hours to initially complete the required QFC Tables for all of the QFCs in their portfolio. FDIC estimates that Full Scope Entities that already complied with the final rule in any previous year will incur, on average, 250 hours ongoing burden to maintain their QFC Tables.

For the hourly implementation burden incurred by Limited Scope Entities, the FDIC assumes that burden will be based on the number of QFCs in the entity's portfolio. The FDIC assumes that 90 percent of New Limited Scope Entities, or 46 entities per year, hold 50 or fewer QFCs in their portfolio. These entities are expected to incur, on average, 15 hours of implementation burden in the first year in which they must comply with the final rule. The remaining 10 percent of New Limited Scope Entities, or 5 entities a year, are assumed to hold more than 50 QFCs in their portfolio and are expected to incur, on average, 100 hours of implementation burden. The average hourly implementation burden across all New Limited Scope Entities is thus approximately 23 hours per respondent.<sup>11</sup> These burdens estimates incorporate the expected time to prepare an extension request, if needed.

The FDIC uses the same methodology to estimate the hourly ongoing burden for Limited Scope Entities. It assumes that 90 percent of Limited Scope Entities that continue to be subject to Part 371 after one year, or 155 entities per year, hold 50 or fewer QFCs in their portfolio and are expected to incur, on average, 10 hours to

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<sup>11</sup>  $23.34 \text{ hours} = (46 \text{ respondents} * 15 \text{ hours} + 5 \text{ respondents} * 100 \text{ hours}) / 51 \text{ total respondents}$

maintain their compliance with the requirements of Part 371. The remaining 10 percent of Existing Limited Scope Entities, or 18 entities per year, are assumed to hold more than 50 QFCs in their portfolio and are expected to incur, on average, 25 hours of ongoing burden per year. The average hourly burden across all New Limited Scope Entities is thus approximately 12 hours per respondent.<sup>12</sup>

These burden estimates, along with the annual estimated number of entities, are delineated by burden type in Summary of Estimated Annual Burden table. The recordkeeping burdens are assumed to be one time for the implementation phase and one time annually for the ongoing phase. Accordingly, the response rate is one response per respondent per year. The Summary of Estimated Annual Burden table also shows the estimated annual burden of each IC line item, which is equal to the product of the estimated number of respondents, the number of responses per respondent per year, and the time per response for each line item. The total estimated annual burden for this information collection is 10,250 hours, a decrease of 8,470 hours from the 18,720 estimated annual burden hours in the currently-approved information collection request. The decrease in burden is due to the change in the methodology used by the FDIC in estimating annual burden as discussed above,

#### General Description of the Collection:

Under the Federal Deposit Insurance Act (FDIA), Qualified Financial Contract (“QFCs”) have been designated for special treatment by the FDIC in the event of

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<sup>12</sup>  $11.56 \text{ hours} = (155 \text{ respondents} * 10 \text{ hours} + 18 \text{ respondents} * 25 \text{ hours}) / 173 \text{ total respondents}$

the failure of an insured depository institution. As codified in FDIA as part of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), certain timing restrictions are effectively placed on the FDIC for making decisions whether to transfer QFCs to another financial institution, repudiate the QFCs, or retain the QFCs in the receivership in the event of an insured institution's failure. To make an informed decision about QFCs in such situations, the FDIC needs timely information pertaining to the types and amounts of QFC contracts held, the counterparties to these contracts and their affiliates, the purpose of these contracts, their maturity dates, the current value of these contracts, and whether these contracts are collateralized. Because of the large volume of QFC information that a receiver must process in a limited timeframe, in Part 371, the FDIC established QFC recordkeeping requirements for institutions in a "troubled condition" as that term is defined in the rule. This information collection consists of recordkeeping and reporting requirements for qualified financial contracts (QFCs) held by insured depository institutions in troubled condition.

7. Title: Restrictions on Qualified Financial Contracts of Subsidiaries of certain FDIC-Supervised Institutions; Revisions to the Definition of Qualifying Master Netting Agreement and Related Definitions.

OMB Number: 3064-0208

Form Number: None.

Affected Public: Private sector

Burden Estimate:

Summary of Annual Burden						
Information Collection Description	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response	Estimated Annual Burden
Approval requests prepared and submitted to the FDIC regarding modifications to enhanced creditor protection provisions	Reporting	Voluntary	1	On occasion	20 hours	20 hours

**Total Estimated Annual Burden**

**20 hours**

General Description of Collection:

This rule is necessary to give effect to such cross-default restrictions in the ISDA Protocol. The rule requires that FDIC-supervised institutions that are subsidiaries of GSIBs and their counterparties either adhere to the ISDA Protocol or take the prescribed steps to amend the contractual provisions of their QFCs, consistent with the requirements in the rule, within a specified period of time. If such institutions elect to amend their QFCs in lieu of adhering to the ISDA Protocol, they must seek the FDIC's approval of the proposed amendments, giving rise to the information collection. The information collection is necessary to ensure QFC contracts are amended in compliance with the rule. The FDIC's rule applies to FDIC-supervised institutions that are subsidiaries of GSIBs and sets forth requirements parallel to those contained in similar rules recently published by the FRB and the OCC with regard to entities they supervise to ensure consistent regulatory treatment of QFCs among the various entities within a GSIB group. All institutions that were covered FSI on January 1, 2018 were required to comply with the QFC stay rule by January 1, 2020. That means that, except for the three possible exceptions described below, all required paperwork revisions that are required to be completed by the covered entities to comply with the rule

should have been completed by January 1, 2020. Consequently, for the purpose of 2021 and future PRA analysis, the FDIC does not expect any on-occasion paperwork burden associated with the rule. The three exceptions to the foregoing statement are: (i) under the QFC stay rule, a covered FSI is not required to bring QFCs with a counterparty that were entered into prior to January 1, 2019 into compliance unless the covered FSI or any affiliate of the covered FSI becomes party to a QFC with the same counterparty or a consolidated affiliate of that party on or after January 1, 2019 (subject to special rules relating to institutions that become covered FSIs after January 1, 2018); (ii) entities that become covered entities after January 1 2018 have extended compliance periods (which can extend the date for compliance to the date that is the first day of the calendar quarter immediately following one year, 18 months or two years (depending on the type of counterparty) from the date the entity first became a covered entity); and (iii) a covered FSI might enter into a QFC with a counterparty that is not yet covered by documentation that complies with the rule. Moreover, because the market practices and conventions relating to derivatives, repo, SFT and other QFC products have evolved to include the stay provisions in the documentation used by market participants, FDIC estimates that any legal documentation review will be addressed as a part of the normal business on-boarding or maintenance of the business relations. However, FDIC recognizes that there is a possibility of a new entrant or a new product that can fall under the scope of the subject rule and, consequently, provides for a possibility of one or more respondents that can be impacted by the rule.

As noted above, the industry undertook major initiatives to achieve streamlining and straight-through processing for both on-boarding and maintenance of the QFC records over the last years. Consequently, in case a new entrant/product will be scoped-in by the subject rule to impose the paperwork burden, FDIC estimates that such burden will be less than half of the burden estimated in 2018 thanks to the automation and standardization of business processes. Accordingly, the time per response has been revised to 20 hours from the 40 hours previously estimated.

#### Request for Comment

Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the FDIC's functions, including whether the information has practical utility; (b) the accuracy of the estimates of the burden of the information collection, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. All comments will become a matter of public record.

Federal Deposit Insurance Corporation.

Dated at Washington, DC, on April 22, 2021.

**James P. Sheesley,**

*Assistant Executive Secretary.*

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